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FOREIGN

APRIL
1959

AGRICULTURE



Grading cocoa beans, Ecuador

Khrushchev and Soviet Agriculture
Why the World Has Been Short of Cocoa
New Trade Schedules for Brazil and U.S.



UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

FOREIGN

AGRICULTURE

VOL. XXIII . . No. 4 . . APRIL 1959

To report and interpret world
agricultural developments.



U.S.-Canadian Agricultural Trade

In this issue we take special note of the agricultural position of our neighbor to the north, Canada, and present two timely articles, "Pattern of U.S.-Canadian Agricultural Trade" and "Future Agricultural Trends in Canada."

The United States and Canada have traded substantial amounts of agricultural products with one another for many years. The steady expansion in this trade has paralleled the great economic growth of the two countries. Today the aggregate trade in agricultural products between the two countries comes to over \$600 million annually, the greatest two-way trade in agricultural products of any two countries.

The continuing development of U.S.-Canadian two-way trade is an example of what can happen as a result of enlightened trade policies. Because Canada and the United States took steps beginning in the 1930's to liberalize restrictions on trade, it has been possible for farm products to move across the border pretty largely in response to normal supply and demand. The fairly significant reductions in duties on agricultural and other products made by the United States and Canada have been accomplished largely under the Trade Agreements Program, to which both countries subscribe.

Cover Photograph

There's a job for everybody in Ecuador's cocoa industry. Here young and old sort and grade the cocoa beans that have been spread on the village street to dry. (Cocoa story on page 6.)

In This Issue

	Page
Khrushchev and the Recent Soviet Agricultural Developments	3
Pattern of U.S.-Canadian Agricultural Trade	5
Why the World Has Been Short of Cocoa	6
Trade Patterns Shifting for Irish Beef Exports	8
World Butter Situation Improves	9
Mohair—The "Feast or Famine" Fiber	10
U.S. Agricultural Exports Total \$3.9 Billion in 1958 ..	12
Brazil and the United States Agree on Trade Schedules	13
Pakistan Hopes To Boost Farm Output Through New Land Tenure Scheme	15
Future Agricultural Trends in Canada	17
Foreign Production News	19
World Agricultural Summaries	19
Trading Post	22

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Foreign Agriculture is published monthly by the Foreign Agricultural Service, United States Department of Agriculture, Washington 25, D. C. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (October 11, 1956). Yearly subscription rate is \$1.75, domestic, \$2.50, foreign; single copies are 15 cents. Orders should be sent to Superintendent of Documents, Government Printing Office, Washington 25, D. C.

KHRUSHCHEV and the Recent Soviet Agricultural Developments

By LAZAR VOLIN
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PRIME MINISTER N.S. Khrushchev, in recent months, has made several important pronouncements on Soviet agriculture, which has borne the imprint of his dynamism longer than any other sector of Soviet national economy.

Khrushchev's great interest in agriculture and close association with agricultural policy-making antedate his recent rise to power. During the last years of Stalin's rule, he was assigned, among other things, to direct a new and highly important phase of agricultural collectivization—the drive for the merger and enlargement of collective farms. His subsequent leading role in the direction of Soviet agriculture became apparent early during the post-Stalin period, when, as First Secretary of the Central Committee of the Communist Party, he presented his first lengthy report in September 1953, outlining a "new look" program for Soviet agriculture. This commanding position he greatly strengthened during the next 5 years.

When, therefore, Khrushchev again presented to the Central Committee, on December 15, 1958, a report of 85 printed pages dealing with agricultural problems, there could be no question as to who was the "boss" of Soviet agriculture. This impression was strengthened by his frequent intervention during the 4 days of discussion of his report by the Central Committee and invited experts—a discussion which was concluded by another Khrushchev speech on December 19. (As a result of Khrushchev's suggestion, an unprecedented step was

taken of publishing a verbatim report of the proceedings of the December session of the Central Committee.) Khrushchev also dealt with agricultural developments, though in less detail, in his report to the 21st Com-

munist Party Congress in January of this year.

Khrushchev's principal theme has been the improvement which has taken place in Soviet agriculture as a result of changes made since the Stalin era. These changes were made by Stalin's successor to push Soviet agriculture off the dead center of badly lagging production onto the road of rapidly expanding output. The agricultural problem that has confronted the post-Stalin administration is one of shortages, diametrically the opposite of the surplus problem confronting the United States.

Khrushchev and other Soviet spokesmen were at first cautious about admitting the weakness of Soviet agriculture except for certain aspects, notably animal husbandry. Nevertheless, the continuous flood of decrees and speeches dealing with the agricultural situation revealed their deep concern. Lately greater frankness about the agricultural difficulties of the Stalin period has characterized Khrushchev's public utterances. But it is now Malenkov, of the so-called Antiparty Group opposition, who is blamed and not Stalin.

In general, the "Antiparty Group," which also included Molotov, was made a target for bitter attacks at the December session of the Central Committee for its alleged opposition to Khrushchev's agricultural reforms. Malenkov was criticized because of his use of the greatly exaggerated, so-called biological or preharvest figures for grains. Such distortion of crop statistics for public consumption was

Soviet Agriculture Since Stalin

When Khrushchev took over the reins of power he set about reshaping Soviet agricultural policy to boost lagging production. To date the accomplishments are—

- **New lands program which put some 90 million more acres into production, many of them, however, in marginal areas.**

- **A 25-percent increase in cattle numbers plus a general increase in other livestock, mainly by upping feed output.**

- **Greater economic incentives to peasants; more capital investment in agriculture.**

- **Increase in state farms, decrease in collective farms.**

- **Absorption of machine-tractor stations by collectives.**

By 1965 Khrushchev hopes to outstrip U.S. production. The ambitious targets set by the Soviet Union's new Seven Year Plan call for a 70-percent increase in farm output. Can these be realized? Nobody knows—probably not even Khrushchev.

a common procedure under Stalin. After Stalin's death, Malenkov was the first Soviet official to denounce this practice and call for its abandonment in August 1953, but Khrushchev apparently ignored this.

The U.S. Department of Agriculture never accepted the grossly inflated Soviet biological crop figures and insisted on heavy downward scaling of these statistics for its world crop estimates. The actual or barn-crop figures recently revealed by Khrushchev for 1949-53 indicate that even a downward adjustment one-third of the biological figures was not sufficient for some years. Also, some of the recent Soviet production figures disclosed for the first time—notably for the outturn of grains and wheat as well as for milk and meat production—appear too high.

Recent Changes

During Khrushchev's administration there have been some salient changes in Soviet agriculture. On the institutional side, the most important was the liquidation or reorganization in 1958 of the state machine-tractor stations (MTS), which performed the mechanical farm operations on collective farms. (Such a change was strongly opposed by Stalin.) The MTS were required to sell their tractors and other machinery to the collectives and were converted into service and supply centers for farms. By this step, it was hoped to eliminate the friction and inefficiency resulting from what was virtually a dual collective farm management or, in Khrushchev's words, "two bosses on the land." As reported by Khrushchev last December, 81 percent of the collectives have acquired machin-

ery for cash or on credit, and about 80 percent of the MTS have been reorganized.

This measure should be conducive to increased farm efficiency provided the financial burden placed on the collectives for purchase, upkeep, and operation of machinery is not too high. The same cannot be said about the efficiency of the huge farm units created by the continued merger of collectives. The merger drive began under Khrushchev's direction during the last years of Stalin's rule and has continued during the past 5 years. The number of collectives has been reduced from more than 250,000 at the beginning of 1950 to less than 70,000 at present, according to Khrushchev's December report.

This decrease in the number of collectives has been caused in recent years not only by mergers but by their absorption or conversion into state farms. Today there are more than 5,900 state farms, which are owned and operated by the government with the aid of hired labor paid regular wages, like workers in any Soviet factory. On collective farms, peasants share in the income on the basis of their labor contribution, after the claims of the state are satisfied, production expense covered, and certain reserves built up.

State Farms Expanding

Numerically state farms have been increasing in recent years, partly because of absorption but largely because of the bringing under cultivation of new lands in the eastern regions. This has long been an area of large state farms, and more than 400 new ones have been organized during the last 4 years. With regard

to acreage, state farms now account for more than one-fourth of the sown area in the USSR as compared with around 10 percent in 1953.

In the light of these developments, the question of replacement of collectives by state farms (which, ideologically, were always considered by the Communists as the superior form of economic organization) can no longer be regarded as merely academic. Perhaps this is a long-range objective. There are no indications that it is a current objective of the Soviet government; there has even been official reaffirmation of the continuous coexistence of collective and state farming.

The prospects appear to be less auspicious for another type of farming—the small household allotments to collective farm members and workers on state farms and the privately owned livestock, which is important to the peasants. Khrushchev called for the liquidation of privately owned livestock. For collective farm workers the process is to be gradual, with no time limit placed as yet. In the case of workers on state farms, a limit of 2 or 3 years was proposed for the sale of their livestock to the farms.

New Lands Program

A crucial new program initiated by Khrushchev in 1954 was the plowing up and seeding, largely to spring wheat, of 90 million acres east of the Volga and the Urals. While this achievement should not be underestimated, nevertheless it is true that much of the new lands area is climatically in a zone of hazardous agriculture characterized by sharply fluctuating yields. This has been confirmed by the recently reported data for Kazakhstan, where the major portion of the new lands area is concentrated. Yields of all grains (mostly spring wheat) for the last 5 years were as follows:

	Centners ¹ per hectare	Bushels of 60 lb. per hectare
1954	9.1	13.5
1955	2.9	4.3
1956	10.6	15.8
1957	4.6	6.8
1958	(2)	(2)

¹ One centner = one tenth of a metric ton or 220.46 pounds.

² Reported as more than 9 centners, or more than 13.4 bushels.

(Continued on page 14)

LABOR REQUIREMENTS FOR CROPS AND LIVESTOCK PRODUCTS IN THE UNITED STATES AND THE SOVIET UNION

Item	USA ¹	USSR ²		Percent USSR is of USA	
		State farms	Collective farms	State farms	Collective farms
	Man-hours per centner	Man-hours per centner	Man-hours per centner	Percent	Percent
Grain	1.0	1.8	7.3	180	730
Potatoes	1.0	4.2	5.1	420	510
Sugar beets5	2.1	3.1	420	620
Seed cotton	18.8	29.8	42.8	159	228
Milk	4.7	9.9	14.7	211	313
Cattle, liveweight gain ..	7.9	52.0	112.0	658	1,418
Hogs, liveweight gain ..	6.3	43.0	103.0	683	1,635

¹ In 1956. ² Average for 1956-57. Source: Khrushchev's report of Dec. 15, 1958.

Pattern of U.S.-Canadian Agricultural Trade

THE UNITED STATES has for several years ranked as Canada's No. 1 agricultural market, when exports of wheat and wheat flour are excluded. Final statistics for 1958 may reveal that it now challenges the United Kingdom for first place even with the inclusion of wheat and wheat flour exports. Canada, on the other hand, ranks fourth among the recipients of U.S. agricultural commodities—behind the United Kingdom, Japan, and West Germany. About one-half of Canada's total agricultural imports come from the United States.

The flow of agricultural products between Canada and the United States continued at a high level in 1958. Although the estimated balance of trade continued to favor the United States, preliminary figures indicate that the spread was reduced by nearly three-fourths: U.S. purchases from Canada rose by \$48 million to \$295 million, while U.S. sales to Canada fell by \$30 million to \$324 million. These totals are not in themselves too meaningful, for temporary shifts in the relative positions of exports and imports between two large trading nations are not uncommon. However, examination of the underlying reasons for the shift may reveal changes in trade trends and patterns for individual farm commodities.

U.S. Imports From Canada

The main factor in the shift was the record number of Canadian cattle sent to the United States last year. Final figures show that 543,558 head of feeder and slaughter animals, as well as 44,587 head of dairy and purebred, went south—increases of 63 percent and 47 percent over 1957. In addition, 52.6 million pounds of beef and veal and 53.9 million of

pork were exported—a rise of 10 percent for beef and veal and a thumping 95 percent for pork.

The large U.S. imports of Canadian cattle reflect last year's shortage of beef and feeder cattle as well as breeding stock in the United States—a result of the drought. The shortage brought a sharp rise in U.S. cattle prices; this in turn encouraged imports from Canada, not only of many more feeders than in 1957, but also of more slaughter animals and dairy and breeding stock.

Large imports were encouraged also by cheap and abundant supplies of feed. The U.S. barley and corn crops both broke records; the oats crop was well above average. With this favorable ratio between cattle and feed prices, the United States early in 1959 had a record number of cattle on feed—11 percent more than early last year.

U.S. demand for Canadian cattle will probably remain strong in 1959.

CANADA'S AGRICULTURAL TRADE
WITH THE UNITED STATES

	1957 Mil. dol.	1958 ¹ Mil. dol.
Exports to U.S.:		
Livestock and meat ...	86.1	150.1
Grains ...	73.6	52.0
Fruits ...	4.6	5.0
Vegetables ...	5.2	10.0
Other ...	77.5	78.0
Total	247.0	295.0
Imports from U.S.:		
Fruits ...	98.2	102.0
Vegetables ...	59.1	55.0
Cotton ...	43.3	30.0
Soybeans and products	36.8	36.0
Corn ...	13.9	11.0
Rice ...	3.8	2.0
Meat and poultry ...	12.2	9.0
Lard ...	3.4	1.0
Cattle, live ...	1.6	1.0
Hides and skins ...	8.4	9.0
Eggs in shell ...	1.4	2.0
Tobacco ...	2.0	2.0
Other ...	69.9	64.0
Total	354.0	324.0

¹ Estimates, Off. U.S. Agricultural Attaché.

though U.S. prices may average somewhat lower than in 1958. Canada's domestic marketings may be somewhat smaller after 1958's record marketings of cattle and calves, and the price relationships are likely to be less encouraging to exports than they were last year.

Because of its own large barley and oats crops, the United States imported less Canadian barley and oats in 1958 than in 1957. Barley imports for the first 11 months of 1958 amounted to \$13.7 million as against \$24.5 million in all of 1957; oats imports were \$8.3 million as against \$19.7 million. Canadian exports of these crops are generally small in relation to the quantities used at home as well as to the size of the U.S. crops.

The United States is a major customer for horticultural products exported from Canada. Canada's output of apples complements output in the United States in such a way that there is an annual two-way flow of apples between the two countries. Apples, plus blueberries (mostly from Quebec), accounted for most of the \$5 million worth of fruit Canada sold the United States last year.

Canada's exports of vegetables to the United States nearly doubled in 1958. This increase was due to a big U.S. market for Canadian potatoes, both seed and table. Potato exports alone were worth \$6 million in the first 11 months of 1958, compared with only \$2.8 million the year before. However, Canadian production was down in 1958 and U.S. production up; so exports this year are likely to be much smaller.

Canadian Imports From the U.S.

Examination of Canadian purchases from the United States shows that fruits make up the largest segment of the trade. In fact, Canada is the best foreign market for U.S. fruits and vegetables. This trade, taken all together, held up well in 1958, and final figures are expected to show that it equaled the 1957 total of \$157.3 million. The value of Canada's fruit imports from the United States was slightly higher last year than the year before, largely owing to the fact that

(Continued on page 20)



In Ecuador, where cocoa is an important crop, beans are spread out in village streets to dry, and later entire village engages in sorting and grading beans for market.



Photos courtesy ICA

Much of the work in Ecuador's cocoa industry is done by women. Here workers on large plantation use heavy club to crack the pods. Below, cutting pods from tree, Ghana.

Why the World Has Been Short of Cocoa

Currently world cocoa supplies approximate world demand. For U.S. chocolate manufacturers this is good news. Except for a few years, chronic shortages have plagued the industry since 1945.

By William F. Dobbins and Leslie C. Hurt
Import Division, Foreign Agricultural Service

SINCE WORLD WAR II cocoa has occupied a unique position among important agricultural commodities in world trade. There hasn't been enough of it to go around, and for a crop to be in short supply when demand is strong is unusual in this age of overproduction and advanced technology.

As always, short supplies have led to rising prices and restricted consumption. In the United States, for example, cocoa consumption dropped 11 percent during 1958 because of higher prices. What has happened, of course, is that many manufacturers who use chocolate and cocoa products have shifted to substitutes. They now use what are called "compound coatings." Others have reduced the size of their chocolate bars and thinned their chocolate coatings.

Research is also going on in several countries to improve cocoa butter sub-

stitutes, and claims have already been made that a product similar both chemically and physically has been found. However, there is a natural reluctance to change manufacturing patterns once they have been established. Far better than substitutes, manufacturers say, would be an adequate, assured supply of cocoa beans.

Where It Grows

Cocoa, or cacao, as it is often called, comes from the seeds of *Theobroma cacao*, a small tree indigenous to the forests of Central and South America, where it was used by the natives long



before the discovery of the New World. Commercial production on a large scale did not start until about 1900. At that time, when the world crop amounted to 115,000 metric tons, the Latin American countries produced about 85 percent of the world's total and Africa, the balance. Also, at that time Ecuador ranked as the world's largest single producer.

By 1935, world production had increased more than sixfold. Latin America had lost its lead to Africa, where good virgin soils, absence of crippling diseases, good climatic con-



Cocoa is extremely susceptible to disease. Above, African worker cuts out tap root of infected tree. Right, Ecuador extension workers demonstrate disease-control methods.



Courtesy British Information Service

ditions, and low labor costs all favored increased output. But with an increase in supplies coupled with world economic conditions came a decline in prices. This discouraged Latin American producers from rehabilitating their plantations and kept them from carrying out disease-control measures.

Also, during this time other crops in Latin America were bringing in bigger returns, so that in many areas cacao was replaced. Only in Brazil, which was relatively free of crippling diseases, did production show any significant increase. But even here new plantings dwindled off during the thirties, and with the advent of World War II, interest in cacao culture waned still further as alternative economic opportunities presented themselves.

As dramatic as the decline of Latin America as the primary source of cocoa was the emergence of Africa as the largest supplier. Although cocoa production in Latin America increased from 91,000 metric tons to 227,000 metric tons during the 40 years beginning about 1900, African production forged ahead more rapidly, increasing from 20,000 to 430,000 tons during the same period. Africa holds the same relative position today, accounting for about 60 percent of world production. Since the war there have been increases both in Africa and Latin America, but generally supply

has not kept pace with potential demand.

How It Grows

Among the reasons for the recurring shortages of cocoa is the way it grows. The mature cacao tree, usually between 10 and 15 feet high, enters production when about 5 years old, and full production normally is not attained until some time between the 10th and 15th year. Thus, substantial production increases in a relatively short time are not possible. A constant program of rehabilitation, disease control, and replanting is essential to a steady annual output.

Another very important reason for shortages is the change in cultural conditions which took place when the African countries became the main producers. In Latin America, cocoa is for the most part a product of estate or large farm operations; in Africa, it is a product of peasant agriculture. Small holders produce the bulk of the crop in the important cacao countries of Ghana, Nigeria, Cameroun, and the Ivory Coast, and for years in these countries the emphasis was more on collecting the cocoa than on improving cultural practices.

The African growers can hardly be blamed for this. To them cocoa was a new crop that seemed to do well if left alone. Until around 1930 there

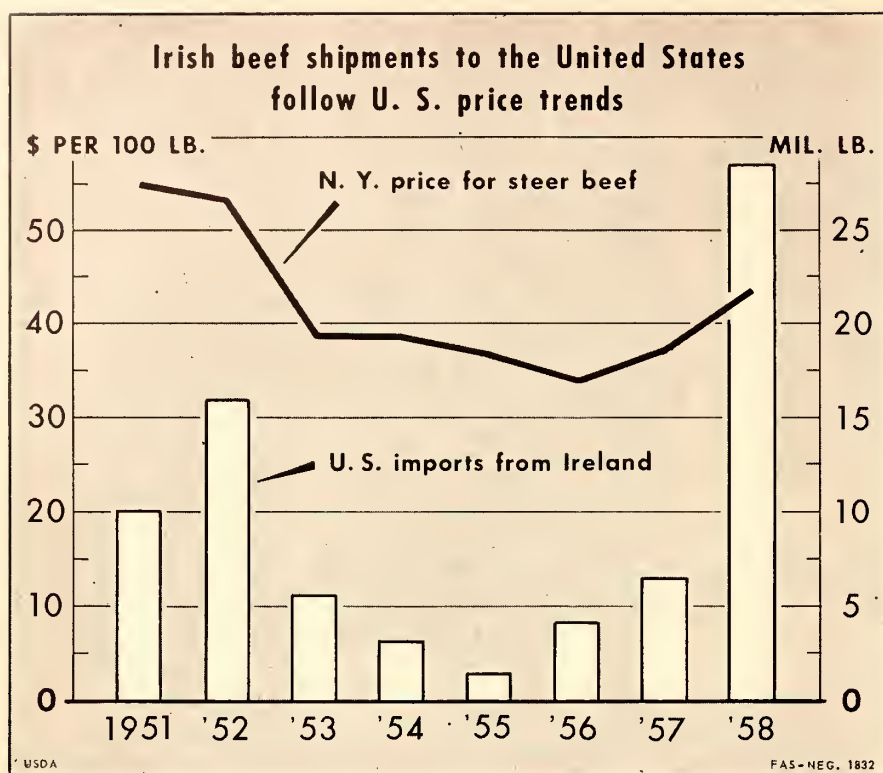
was no government assistance, and even in the years immediately preceding the war, the African farmer knew little about good cultural practices, so it was just a matter of time until disease and insects had become entrenched.

Disease can do devastating things to cocoa. Without constant care the cocoa industry of a country can be severely curtailed. This is what happened in Ecuador. In 1914, Ecuador was exporting over 100 million pounds of cocoa, but in the 5-year period of 1940-44 exports totaled only slightly over 31 million pounds.

Even today the struggle against disease is a frustrating one. In Latin America the two worst diseases are witches' broom and Monilia rot; in Africa swollen shoot causes the most trouble. Almost universal is a black pod rot which occurs wherever cacao is grown.

Unfortunately, efforts to control these diseases have not met with too much success. The only treatment to date for swollen shoot is the removal of infected trees and some of those in the immediate vicinity. This type of treatment presents two problems. First, it is difficult to convince a backward farmer that it is to his interest to destroy an infected tree when it is still producing fruit. And second,

(Continued on page 20)



Trade Patterns Shifting For Irish Beef Exports

WHEN THE MEAT EXPORTING areas of the world are being considered, the South American pampas, the Australian outback, and the South African veldt immediately come to mind; yet the green hills of Ireland also produce large quantities of cattle for export. Ireland earns more than half of its total foreign exchange through livestock and meat exports—mainly live animals.

Ireland's traditional market for livestock and meat has long been the United Kingdom, but it has decreased its dependence on that market by shipping larger amounts to continental Europe and the United States.

In 1957, Irish cattle moved into the Netherlands, France, and West Germany for slaughter. This trade is expected to continue, but the development of the European Common Market may depress shipments somewhat.

In the United States, Ireland has had a fluctuating market for beef for some years. Exports fell very sharply from about 16 million pounds in 1952

to less than 2 million in 1955, but the recent rise in the price of boneless manufacturing beef in the United States has again made it profitable for Irish exporters to ship. In 1958, exports rose sharply to 28 million pounds—almost all of it boneless beef—and Ireland moved up to fourth place in importance as a source of U.S. fresh and frozen beef imports; only New Zealand, Canada, and Mexico shipped larger quantities.

Some Problems

Ireland is the only country in Europe where cattle outnumber people. In 1958, there were 4 million head of cattle compared with a human population of about 3 million. It produces its cattle with little expenditure for housing and feed because of its mild climate and rich pastures. Irish cattle are free of foot-and-mouth disease, but some bovine tuberculosis is present in the country. This presents a threat to Ireland's live cattle trade with the United Kingdom. When

the United Kingdom becomes free of bovine tuberculosis in a year or so, it plans to prohibit live cattle imports from any area where the disease is present. Although Ireland is making an effort to eradicate the disease, it is believed that there will be a lag of several years between the time the British ban live cattle shipments from Ireland and the time the Irish are able to clear their herds of tuberculosis. During this period the Irish will probably export more meat than animals.

The U.K. market for carcass meat is presently very good, but the Irish may choose to sell their beef to the United States for dollars. Whether they do or not depends on prices. In the United Kingdom, prices are expected to be high during 1959, but continued high U.S. prices for the lower grades of beef will probably provide enough incentive to maintain high-level Irish exports to the U.S.

Export Outlook

Far more important to Ireland, however, is the future disposition of its feeder cattle. In the past, the U.K. system of livestock subsidies facilitated large imports of feeder cattle from Ireland. Under this system—the "Fat Stock Marketing Scheme"—U.K. producers of fed animals received deficiency payments to bring their receipts up to a guaranteed price. Therefore they paid high prices for feeder stock. But now the U.K. market price for slaughter cattle and meat is close to the subsidy price and, although the price for feeder cattle is still high, Irish cattlemen are more inclined to finish their own stock and sell it or the beef in the United Kingdom.

The long-term outlook for Irish beef shipments to the United States, however, appears more stable. Continued exports of the lower grades of beef for use in sausages, hamburger, and so forth is forecast, but at a lower level after 1960 when U.S. prices are expected to decline.

When live cattle shipments to the United Kingdom slacken, the expected sharp increases in Irish beef production may encourage Irish exporters to send their product to the United States, where it will not compete with inexpensive Argentine carcass beef as it must in the United Kingdom.

World Butter Situation Improves

—but butter exporters are worried
about narrowing of European market

LAST OCTOBER, *Foreign Agriculture* reported that the London market, the world's only large export market for butter, was wrestling with supplies that earlier had driven the wholesale price of New Zealand's finest grade down to 26 cents a pound. All butter-exporting countries in Europe and elsewhere were seriously affected. So bad had the situation become that the butter market in Great Britain had been partially closed by government action, despite the tradition of its being an ever-open outlet.

Today the picture is somewhat different. At the very end of last year, the British Board of Trade—after consultation with New Zealand, which had previously protested against "butter dumping"—withdrew the temporary limitations on butter imports from Sweden, Finland, and Ireland, and renewed the open general licenses for Belgium and Central Europe. Discussions were also held with the Polish Government for resumption of larger butter imports from that country. As a result of these moves, butter can now be shipped freely to the British market from any country except those in the dollar area and Eastern Europe.

The basis for this action was the substantial rise in wholesale prices of butter on the U.K. market. New Zealand's finest butter, largest seller on the market, had risen to 36 cents a pound wholesale, Danish to 46 cents, and Dutch unsalted to 44 cents. The reasons given for this upward price movement were first, the strong demand for butter, and second, the lower level of exports from some of the smaller continental sources, which toward the end of 1957 had been shipping unusually large amounts to the United Kingdom.

Consumption

Consumption of butter in the United Kingdom had shown a substantial increase in 1958. It rose nearly

123 million pounds, or 17 percent, while margarine sales fell 10 percent.

Butter consumption had also risen in other countries. As consumption mounted in Sweden under the stimulus of lower retail prices, Swedish exports in the second half of 1958 were small. In Denmark, domestic butter sales were reported to have risen more than 35 percent in 1958 because of lower prices for fresh butter and sharply reduced prices for cold storage butter. Similarly, in the Netherlands, more butter was sold in response to lower domestic prices, effective in April 1958.

Stocks

Largely because of this higher butter consumption the basic stocks position had improved by the end of last year. In the United Kingdom stocks had been worked down to slightly below the December 1957 level. Danish stocks were nearly exhausted in the fall while Dutch stocks amounted to less than 40 percent of the previous year's level. Furthermore, butter shipments en route from New Zealand and Australia were slightly lower than at the end of 1957, although production in both countries was higher.

Production

On the production side the situation is mixed. Dutch butter was up about 25 percent in 1958, West German about 15 percent, and Finnish about 2 percent, increasing substantially toward the end of the year. Production was rising in France too.

The biggest drop occurred in Denmark, where production was down about 10 percent in 1958. Swedish production in the fall and early winter was insufficient to supply domestic demand, so that some 900 tons were imported in December. Irish butter production was down about 2 percent, and production in the United Kingdom, always relatively small, was lower last year than in 1957.

The World's Butter-Eaters

With a yearly consumption of 43.3 pounds,¹ New Zealanders eat more butter per person than any other people in the world. The United States, despite the high standard of living, ranks 13th; its yearly per capita consumption is only 8.6 pounds. Next to New Zealand comes Ireland with 42.6 pounds, followed by Australia 28.3, Belgium 22.1, and Canada 20.2. Lowest of the 15 countries is Italy with 3.5 pounds.

The five top butter-eating countries are the same now as before the war, and, except for Canada and Belgium which have switched places, they rank in the same order. Only 6 of the 15 countries have shown a gain in butter consumption since prewar, 8 have dropped, and one, Switzerland, has remained the same. Ireland has shown the biggest gain, 9.2 pounds, and Canada the biggest drop, 9.8. Second among the declining countries is the United States, 8.3, and third the United Kingdom, 7.3.

The wide margin between the high price of butter and the low price of margarine accounts largely for the drop in U.S. consumption. Also, strict wartime rationing in the United States broke the butter habit. Many people now use margarine simply because they got used to it during the war.

¹ Figures represent 1957 consumption in 15 leading butter-using countries.

Trade patterns for 1958 revealed some disturbing changes insofar as traditional markets were concerned. West Germany, formerly the world's second largest butter buyer, imported only about 12 million pounds in the 1958 January-November period as compared with 83 million the year before. Switzerland, a small but fairly regular butter importer, took about 5 million pounds less in 1958 than in

(Continued on page 19)



MOHAIR—The "Feast or Famine" FIBER

The United States is now the world's leading exporter of this product from the Angora goat.

By Richard S. Welton
Livestock Division
Foreign Agricultural Service

THE UNITED STATES, in the last few years, has become the world's leading producer and exporter of mohair, outranking both Turkey and South Africa, which for more than a hundred years have competed for first place in the export of this wool-like fiber obtained from the Angora goat.

As short a time ago as 1953, the United States was a net importer of mohair, as exports were negligible. Since then exports have risen sharply. In 1956, the United States took the lead away from Turkey. By 1958, U.S. mohair exports valued at \$11.9 million represented 77 percent of production. And by mid-February of this year, all of the fall clip plus almost half of the spring clip—which was still on the goats' backs—had been purchased or contracted for, mainly by foreign buyers.

Such rapid changes are common in the mohair industry, where it is known as a "feast or famine" fiber. Currently mohair is being used largely for clothing and to some extent for upholstery and carpets. But its use is determined by fashion; consequently demand is very erratic and cyclical price changes historically have been wide and abrupt. In periods of high prices production mounts, but when prices drop, severe cutbacks take place.

Coarser than most wool, mohair is generally higher priced—\$2.28 a pound in 1958 compared to \$1.00 for wool of similar fineness. It is particularly noted for its luster and durability, characteristics which en-

hance its utility as a blend fiber. In fact, its widest use today is in blends.

The Angora Goat

The Angora goats from which mohair comes are probably native to Turkey. Prior to the early 1800's Turkey was the only large producer of mohair. The Province of Angora is still noted for its fine-quality mohair, the soil and climate of this area being particularly suited for the growth of long, silky hair, even on dogs, cats, rabbits, and rats. Attempts have been made to raise Angoras in other parts of the world, but they have been successful on a large scale only in the southwestern United States and South Africa, where the arid climate and brush-type vegetation approximate conditions in Turkey. These three countries are still the only ones to export the fiber.

In the early days, i.e., before 1820, Turkey prohibited the sale abroad of the raw fiber. All mohair was hand-spun and handwoven into textiles before shipment to Europe. Then in 1835 England began to process mohair and demand for the raw material increased rapidly. To meet this demand, the pure Angora was crossed with the Kurd, or common goat, resulting in a heavier but coarser fleece.

Angoras were first introduced into South Africa in 1838. Some 40 years later the Sultan of Turkey prohibited the export of the goats, but by that time a sufficient number had already been shipped to establish the South

African mohair industry. The industry expanded rapidly during the last half of the 19th century, reaching a record peak of 23.4 million pounds in 1912.

The first Angoras to reach the United States were brought here by James Davis of South Carolina. Dr. Davis had been sent to Turkey at the request of the Sultan to experiment in the culture of cotton. In reward for his work, the Sultan presented him with nine of his country's finest goats. Further importations were made in later years, and the goats spread rapidly across the southwestern United States. Only a few are found in other sections, where they are kept primarily to rid pastures of brush.

Shifts in Production

Through the years, world mohair production has been more or less stable, but output in the individual countries has shown wide variation. Sharp changes in output usually result from the shifting of grazing land to other livestock enterprises—principally sheep—when mohair production is unprofitable. Although wool and mohair are competitive and have similar uses, the prices of each do not always move in the same direction or in the same degree. The demand for mohair is more limited, and strong demand from one country can cause a sharp increase in prices. Other factors affecting production are serious droughts—although Angoras are generally less susceptible than sheep—and disease.

The sharp decline in South African production between 1912 and 1930 reflected a wide-scale replacement of Angora goats with Merino sheep. With relatively favorable prices in recent years, South African production has been increasing. The decline in Turkey in 1957 and 1958 was the result of foot-and-mouth disease and insufficient feed supplies.

In the United States, production increased from 12.2 million pounds in 1952 to 20.9 million in 1958. Output will probably be even greater this year, for the number of goats in Texas at the beginning of January was 8 percent above that of 1958. Texas accounted for 97 percent of U.S. production last year.

The Export Market

Even more outstanding than the increase in U.S. mohair production has been the rapid shift from net importer to large net exporter. Before 1953, domestic manufacturers consumed all of the U.S. clip, but in 1956-58, three-fourths of the clip was marketed abroad. U.S. exports of mohair moved up from 0.9 million pounds, clean basis, in 1953 to a record 13.2 million last year.

Neither South Africa nor Turkey has been able to keep pace with the United States. Although South Africa exports nearly all of its domestic clip, only a slight increase in exports has occurred. Turkish exports have been somewhat erratic. During the first 7 months of 1958, they were very small, but toward the end of the year they probably increased because of the devaluation of Turkish currency. Turkey normally exports about half of the clip, the rest being used locally.

Today the principal export market for mohair is the United Kingdom. About half of total world shipments in 1957 were destined for the U.K. market, and over the past 4 years about two-thirds of U.S. mohair exports have gone there. Other importers of lesser importance are the countries of continental Europe and Japan.

Previous to 1952, the United States was the world's largest user of mohair. But in the past 6 years the British textile industry has tripled its consumption, and this has led to bigger U.S. exports and a drop in U.S. con-

sumption. Apparently, British manufacturers are producing a wide range of novelty cloths made of blended fibers. A recent article in the British *Wool Record* on women's spring fashions noted that a number of these new textiles were based on different uses of mohair. A brushed short mohair coating was described as having a "3-D effect."

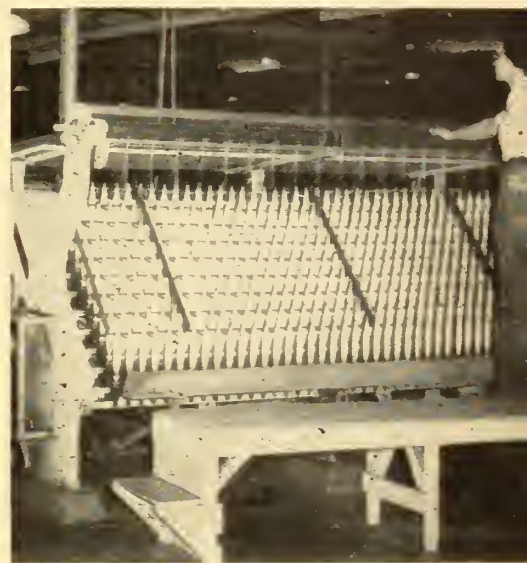
Favorable Prices

The strong foreign demand for mohair and the rise in U.S. exports have had an important effect on prices received by domestic producers. From 1952 through 1957, growers' prices were very favorable, the season's averages ranging from 72 cents a pound to 89 cents, grease basis. Mohair prices fell sharply in late 1957 and early 1958 as a result of the wool textile recession in the United Kingdom, but late last year the rapid recovery and renewal of British demand spurred a sharp price rise. By December, Texas producers, who had been averaging around 55 cents a pound in April, were getting 80 cents.

What makes the mohair situation so interesting is the fact that, although mohair is supported in the United States under provisions of the National

Wool Act of 1954, so far no payments have been made. The average price received by all growers through the 1957 season remained above the support level of 70 cents a pound.

The short-term outlook appears to be very favorable. But the long-term outlook depends, to a large extent, on the continuance of this export demand, since domestic interests have apparently been priced out of the market. Also, it must be remembered that since mohair is a specialty fiber that is greatly affected by fashion changes, extreme fluctuations in demand and prices will undoubtedly be as characteristic of the industry in the future as they have been in the past.



Courtesy Shelton Looms

The shaggy-looking goat on the opposite page is responsible for mohair. Right, preparing yarn for weaving; below, spinning it into coat fabrics.



U.S. Agricultural Exports

Total \$3.9 Billion in 1958

U.S. exports of agricultural products amounted to \$3,856 million in calendar year 1958. This total, although below those of the 2 outstandingly good years that preceded,¹ was the sixth best in history.

Exports of both agricultural and nonagricultural products showed the same degree of contraction in 1958—14 percent. In the agricultural exports, most of the decrease came during the first half of the year—21 percent compared with 7 percent in the last half. And over 50 percent came from the drop in cotton exports.

U.S. agriculture is maintaining a comparatively high level of exports despite increasingly strong competition abroad. In 1958, the agricultural output of the world's major export-

ing countries was higher than ever before—in many countries, substantially higher.

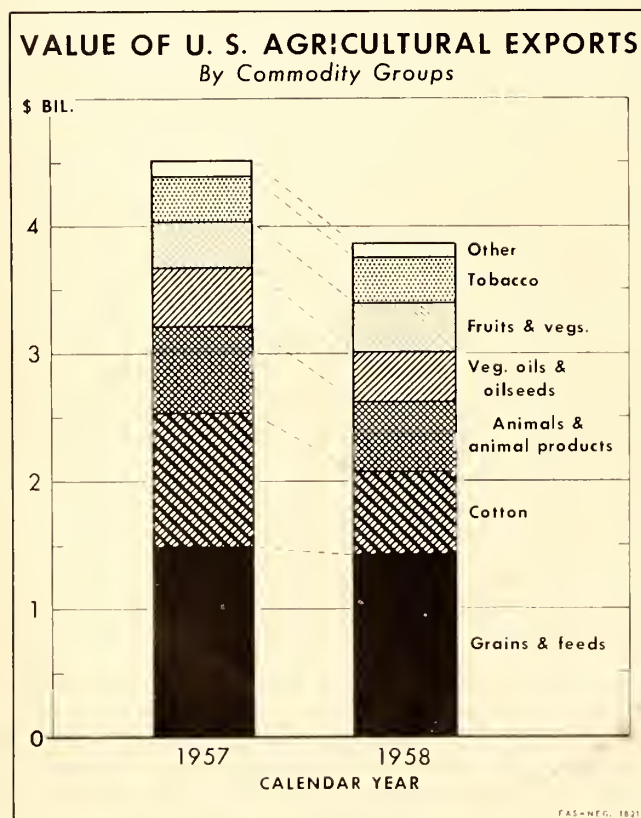
In general, the 1958 export decline reflected the slowdown in industrial activity abroad. More than half of the decline occurred in shipments to the highly industrialized countries that are the five best U.S. markets—the United Kingdom, Japan, Canada, West Germany, and the Netherlands. A number of countries, especially the less economically advanced ones, continued to rely on U.S. Government export programs such as Public Law 480 to finance substantial portions of their agricultural imports from the United States. These programs, as in 1957, accounted for about a third of U.S. agricultural shipments.

Cotton.—Although nearly all commodity groups were involved, cotton accounted for 60 percent of the \$650 million overall decline in U.S. farm

exports. The value of cotton exports declined by 37 percent, from \$1,048 million to \$656 million. Foreign demand for U.S. cotton shrank after it became apparent that foreign production of cotton was increasing while consumption was turning downward in most importing countries. Although prices were down for both U.S. and foreign growths, the increased spread between the two favored shipments of the latter.

Animals and animal products.—Exports of animals and their products, including dairy and poultry products, declined to \$550 million in 1958, 18 percent less than 1957's \$673 million. Primarily, the decline was due to reduced U.S. cattle slaughter, which limited the export availabilities of meats, animal fats, and hides and skins. The slaughter rate dropped because higher livestock prices and lower feed prices encouraged U.S. farmers to undertake more feeding operations and to restock range herds that had been depleted by drought. At the same time, increased foreign competition was felt in world markets for dairy products and animal fats; for abundant supplies of feed grains had stimulated additional growth of the European livestock industry, and production was outpacing consumption. The slackening in U.S. animal-product exports is responsible for 19 percent of the overall export drop.

(Continued on page 21)



U.S. EXPORTS OF SELECTED AGRICULTURAL COMMODITIES

Commodity	Unit	Calendar year		Change in 1958 from 1957
		1957 Mil.	1958 Mil.	
Cotton, excluding lintens.....	Bales ¹	6.9	4.6	-33
Wheat and wheat flour ²	Bushels	495	413	-17
Rice, milled, excl. paddy ²	Bags	17.0	12.7	-25
Feed grains ^{2 3}	Short tons	7.3	10.4	+42
Tabacco, unmanufactured	Pounds	501	482	-4
Edible veg. oils ^{2 4}	da....	1,097	1,033	-6
Soybeans	Bushels	88.0	84.3	-4
Tallow, edible and inedible....	Pounds	1,290	1,045	-19
Lard	da....	501	389	-22
Meats, product weight	da....	324	220	-32
Nonfat dry milk ²	do....	656	636	-3
Evaporated milk ²	do....	164	130	-21
Fresh oranges	da....	719	355	-51
Canned fruits	da....	316	366	+16
Fruit juices	Gallons	38	36	-5
Fresh vegetables	Pounds	1,064	1,048	-2
Canned vegetables	da....	239	189	-21

¹ Running bales. ² Includes private welfare shipments.

³ Corn, oats, barley, and grain sorghums (grain only). ⁴ Cottonseed oil and soybean oil.

Brazil and the United States Agree on Trade Schedules

By Kathryn H. Wylie
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BRAZIL AND the United States signed an agreement on February 10 concluding the renegotiation of Brazil's tariff schedule under the General Agreement on Tariffs and Trade (GATT). Although the renegotiation covered many agricultural products, it is not expected to have any immediate effect on trade in these items.

Wheat is the principal U.S. agricultural export affected, and trade in wheat is now handled under Brazilian Government purchase, free of import duty. There is no evidence that this will be changed in the near future. Brazil's duties on fresh and dried fruit in the new schedule are high, whereas under the old schedule these items entered duty free. In recent years, however, other means of restricting imports of fruits were found in the multiple exchange rate structure, and trade in these fruits has been small.

Brazil's concessions to the United States on certain other agricultural products such as cake mixes, mixed feeds, and hatching eggs are new ones but represent little trade value at present. Trade in these items is growing, and the concessions may represent real gains over the long pull.

Brazil has been a member of GATT since 1947. It had reduced or bound against increased import duties on a wide variety of products in return for concessions granted by other contracting parties (CP's) to GATT. Because of a series of circumstances, Brazil's balance of payments was badly disturbed in the early 1950's, and Brazil strengthened its exchange and import control mechanism to reduce the volume of its imports and husband its exchange resources.

In spite of these strict controls, Brazil found it necessary during 1956 to petition the contracting parties for

a waiver from its GATT obligations in order to put into effect an entirely new tariff. Brazil stated that it needed more revenue than the old tariff provided, that it also needed to more adequately protect new and expanding industries, and that it planned to simplify the exchange system so that protection would be afforded by the tariff rather than through exchange control mechanisms. The CP's granted the waiver with the provision, among others, for renegotiation of the Brazil schedule under the GATT. Accordingly, Brazil put its new duties into effect on August 14, 1957. The duties are largely ad valorem and, for the most part, considerably higher than under the previous tariff. The exchange system was modified somewhat, but it still restricts trade sharply.

Brazil began renegotiation with several of the CP's in early 1958, including the United States. Some of these are not yet complete, but agreement was reached between Brazil and the United States on February 10, 1959, and the results will be effective when approved by the Brazilian Congress.

Old and New Schedules

Under the old schedule III in the general agreement, Brazil gave concessions directly to the United States on products valued in Brazil's import trade at \$107 million; the United States received benefits from concessions to third countries on items valued at \$108 million, or a total trade coverage of \$215 million out of Brazil's imports from the United States of \$365 million. In the new schedule, items negotiated directly with the United States can be valued at \$129 million, but the indirect benefits probably will be small.

Products accounting for \$51 million of the \$107 million in the former schedule of direct concessions are not now in the agreement at all. They include products that Brazil is making or hopes to make in the near future. Of the items remaining in the schedule about 20 percent are now bound at duties higher than previously obtaining. New items not previously in the schedule, either as direct or as indirect concessions to the United States, were valued at \$11 million in 1956. These items have a growth potential, however, and may gain in importance as time goes on.

Agricultural Items

Under the previous GATT schedule Brazil gave direct concessions to the United States on agricultural items valued in the 1956 trade at only \$451,000. (Value figures refer to Brazil's imports of agricultural products from the United States in 1956.) The bulk of this trade was in wrapper tobacco—\$307,000; other products included fresh and dried fruit and resin. Concessions to third countries from which the United States benefited included U.S. products valued at \$43,432,000 in 1956. Wheat and wheat flour accounted for \$41.7 million of this total. Both of these were bound to Canada.

Included in the new Brazilian schedule negotiated directly with the United States are agricultural products valued at just under \$23 million. The only significant benefit to U.S. agriculture from concessions to third countries is a reduction of the duty on dried milk from 35 percent to 15 percent ad valorem. Brazilian imports from the United States in 1956 totaled \$2,660,000.

Wheat is now included in the direct concessions to the United States, but the trade in this item is credited at only \$20 million since the concession is a tariff quota of 750,000 metric tons each year, to be allowed free entry

**TARIFF DUTY ON AGRICULTURAL ITEMS IN
BRAZIL'S NEW GATT SCHEDULE NEGOTIATED
WITH UNITED STATES**

Tariff number	Product	Rates of duty
01-03-001	Bovine animals for breeding	Free
01-06-001	Swine for breeding	Free
01-08-001	Day-old chicks	Free
04-06-005	Cheddar cheese	60%
04-08-001	Hatching eggs of domestic birds	Free
07-04-001	Dried peas, shelled or nat, whole or split	40%
08-06-001Ex	Walnuts in the shell	40%
08-09-008	Fresh apples	40%
012	Fresh pears	40%
014	Fresh grapes	40%
08-10	Fruit, dry or dried, dehydrated, roasted, salted or nat, without added sugar, whole, in pieces or sliced:	
08-10-001	Plums	40%
012	Grapes	40%
10-01-001Ex	Wheat	(1)
10-08Ex	Cereal mixtures for breeding animals	15%
12-03	Seeds and fruit of a kind used for sowing:	
002	Ornamental garden, vegetable garden, or arched	Free
003	Alfalfa, "capim", grass, lucerne, and other fodder seed	Free
15-01	Lard and other rendered pig fats, liquid or nat:	
001	Crude	40%
002	Refined	50%
19-01	Preparations with a basis of flour, starch or malt extract, for use as infant food or for dietetic or culinary use, sweetened or nat, containing less than 25% of cocoa:	
001	Compound cereals for infant food	15%
004Ex	Prepared mixes consisting of wheat flour and other ingredients ready for baking with only the addition of liquid, or of liquid and eggs	30%
19-03Ex	Alimentary pastes, with added meat, vegetables and the like for infant food	15%
23-09	Animal food preparations not elsewhere specified or included:	
003	Concentrated food preparations or balanced rations, whether or not containing vitamins or antibiotics	15%
24-02-001	Wrapper tobacco for cigars	20%
35-03	Gelatin in flakes, sheets or forms, in granules or in powder:	
001	With a high degree of purity, for the preparation of photographic emulsions	10%
38-08	Resin and resinous pitch (breaux resinasal), including tall resin	15%
38-11-002	Vegetable pitch	20%
95-10-001	Empty edible gelatin capsules	20%

¹ Including spelt; in the grain, unhusked for a minimum global tariff quota of 750,000 (seven hundred and fifty thousand) metric tons each year free of duty. This quota is not subject to Note 15 and Article 4 of Law n. 3,244, of August 14, 1957. The duty on imports in excess of the quota remains at 50%.

**ITEMS REMAINING IN U.S. GATT SCHEDULE
NEGOTIATED DIRECTLY WITH BRAZIL**

Coffee (except coffee imparted into Puerto Rico and upon which a duty is imposed under the authority of section 319 of this Act 21)
Castor oil
Cacao butter
Cacao or cacao beans, and shells thereof
Carnauba wax (vegetable wax nsp)
Cassava, tapioca, and tapioca flour
Cream or Brazil nuts:
Not shelled
Shelled (including blanched)
Menthall
Mica, unmanufactured (not including waste or scrap), valued over 15 cents per pound

without regard to the tie-in provision of article 4 of the new tariff law. The duty in the new tariff is 50 percent ad valorem. Breeding cattle and garden and forage seeds are now

bound to the United States in its own right also.

Agricultural items formerly bound directly to the United States and now eliminated entirely from Brazil's GATT schedule include canned and candied fruit, canned vegetables, oatmeal, turpentine, and canned soups. Agricultural items formerly bound to third countries and which are not bound in any agreement so far concluded are wheat flour, olives, oats, malt, hops, chickpeas, olive oil, and leaf tobacco other than wrapper. Trade with the United States in 1956 in these commodities totaled \$2,440,000.

Rates of duty in the new schedule are much higher than in the old one on walnuts in the shell, certain fresh and dried fruits, resin, and pitch. Trade in these products was \$137,000 in 1956. The rate of duty on wrapper tobacco is being maintained at approximately the level bound in the old agreement.

Several new agricultural items are added as concessions to the United States, including breeding swine, lard, mixed feeds, infant foods, and cake mixes. Lard is by far the biggest trade item, but the duty on lard is exceedingly high for a basic food.

Of the items formerly bound to third countries, a few are still so bound in agreements already concluded: Breeding sheep and horses, seed potatoes, almonds, and hazelnuts. The principal addition to the third country concessions not previously bound is dried milk to Denmark.

U.S. Schedule

The renegotiation just completed did not involve any new concessions by the United States. Brazil, however, is giving up its right of direct negotiation in 42 items with that country. Of these, 12 will be withdrawn from GATT entirely. Although the other 30 will remain in the schedule, Brazil will have relinquished any special rights with respect to them.

Since most U.S. imports from Brazil are of agricultural products, both the old and new schedules of U.S. concessions are largely agricultural. The new schedule still includes those items of major trade value which represented 90 percent of total U.S. imports from Brazil in 1956.

Soviet Developments

(Continued from page 4)

Other important reforms introduced by Khrushchev's administration were—

- Increased emphasis on economic incentives to the farmers as reflected in a substantial rise of prices paid by the government for farm products and increased farm income.

- Increased capital investments in agriculture and input of fertilizers.

- Great emphasis on feed production, mainly of corn, geared to the expansion of the livestock industry.

- Some decentralization of agricultural planning formerly carried out mostly from Moscow.

- Bringing agricultural specialists closer to the grassroots.

- Unshackling of agricultural research from the Lysenko fetters of the Stalin era, though recent events point to some retrogression.

As a result of these reforms and changes, there can be no doubt that Soviet agricultural production has been lifted to a higher level during the Khrushchev period, even though some of the published production statistics appear to be too high to be accepted at face value. Not only has acreage increased by 95 million acres, or 24 percent, between 1953 and 1958, but livestock numbers have also grown:

	Jan. 1, 1953 Mil. head	Jan. 1, 1959 Mil. head
Cows	24.3	33.3
Cattle, including cows ..	56.6	70.8
Hogs	28.5	48.5
Sheep	94.3	129.6

Labor productivity in Soviet agriculture is still low and was a target of bitter criticism by Khrushchev. He even provided in his December report some startling comparisons with U.S. agriculture, confirming the Soviet's greatly inferior labor productivity.

Increased efficiency of agricultural labor, reduction of costs of production, and further expansion of production on the basis of improved yields—these form the core of Khrushchev's agricultural program for the future. But if past experience is any guide, a general increase of yields is a far more difficult task in the climate and with the collective farm system of the Soviet Union than the expansion of acreage, and this tends to make the high goals of the new Seven Year Plan, 1959-65, appear less realistic.



Though modern irrigation projects are under way, old water wheels still help to irrigate West Pakistan's arid lands.



Photos courtesy World Bank

Training operators for modern tractors financed through the World Bank to clear and reclaim land in the Thal desert.

Pakistan Hopes To Boost Farm Output Through New Land Tenure Scheme

WITH A VIEW TO establishing a progressive agricultural economy and alleviating the social problems arising from a large landless peasantry, the Pakistani Government has embarked upon an extensive plan for land distribution in West Pakistan. In East Pakistan, reform measures were initiated in 1950.

In announcing the program, President Mohammed Ayub Khan called it a scientific rather than an emotional solution to the land problem, and added that the measures will help to break up the present concentrated holdings of 6,000 landlords.

"It has been my feeling for some time," said President Ayub, "that our low agricultural production and the general apathy of the rural masses arose principally from institutional defects in our agrarian structure and maladjustment in the terms on which land was being used for agricultural purposes."

Under the scheme, ownership of land will be limited to 500 acres of irrigated land or 1,000 acres of unirri-

gated land. Land over and above the ceiling will be taken by the government for redistribution among tenants and others. Compensation will be in the form of interest-bearing bonds redeemable in 25 years. However, the government will acquire without compensation all "jagirs"—feudal landholdings or rights to land revenues that had been gifted to warrior families by Mogul kings.

Tenants cultivating land acquired by the government will be given the option of buying it in installments over 25 years. Occupancy tenants—those who have cultivated the same land for a number of years and thus have gained rights—will be given full ownership. And in all cases, tenants will have security of tenure, but should they be ejected for any reason they will receive fair compensation.

Of equal importance in the new program are the provisions to prevent fragmentation of land into uneconomic holdings. Steps will also be initiated for a province-wide compulsory consolidation of the smaller holdings.



Pakistan farmer tends crops on newly cultivated land. Wheat and cotton also grow under irrigation in these areas.

The government's decision to launch this new program resulted from the findings of the Land Reforms Commission, the group that will also administer it. In the Commission's report were highlighted the growing congestion on the land and the highly fragmented holdings which have resulted from the laws of inheritance. The report stressed that the development of large estates is often very slow, with the result that a considerable portion of the cultivatable land is not being utilized to capacity. Also, since ownership opportunities are few, Pakistan's manpower resources are not being fully used either.

The program will make no drain on Pakistan's treasury, since compensation to the landlords will be paid from a special fund accruing from the sale of the resumed lands. Furthermore, through this fund adequate facilities shall be provided for the new owners in the shape of ready credits, improved seeds, fertilizers, and implements. Existing credit agencies will also be strengthened.

Plan Well Received

First reactions to the new program were reported to be exceedingly favorable. Certain aspects were a pleasant surprise for many, namely, the much larger ceilings on holdings than had been expected, the curbs on fragmentation, and the abolition of the "jagirs."

Yet, despite this reception, few regard these land-tenure measures as the panacea for Pakistan's ever-present food deficit. The physical basis of cultivation remains unaltered, the only difference being that the tenant's status will be changed to that of an owner. This may give him more incentive to produce, but incentive isn't enough. Better methods of cultivation and more irrigation are necessary if the land is to be fully utilized.

Pakistan's first Five Year Plan, which went into effect in 1956, dealt with both of these. The plan called for an overall increase in food grain production of 13 percent, and stipulated as means of achieving this target such things as education in improved techniques, increased availability of fertilizers, insecticides, better seeds.

The Plan also proposed continuing irrigation and land reclamation proj-

ects. In the 5-year period 1955-60, some 5 million acres were to be provided with new or improved irrigation, and another 2 million acres with drainage canals and flood control measures. Salinity, a special problem in this area, was to be dealt with too.

Irrigation Vital

Most of the projects under way are in West Pakistan. Though this part of the new republic totals 310,000 square miles compared with 55,000 in East Pakistan, less than 15 percent of West Pakistan is cultivated because of the rugged terrain and arid climate. In East Pakistan 70 percent of the land is cultivated, and the population per square mile totals 855 persons compared with 122 in the west.

Without the Indus River and its tributaries, West Pakistan would be a desert. Since this great river forms the backbone of the area's economy, a series of dams is being constructed to harness its waters for irrigating the arid lands through which it flows. The irrigated land in West Pakistan produces all of the country's wheat and cotton, some of its rice (East Pakistan grows 90 percent of the rice), and many other food crops, such as oilseeds, pulses, and millets. Jute, the country's largest agricultural export, is grown in East Pakistan.

With only a year to go before expiration of this first plan, it is now quite evident that the targets cannot be met. Pakistan is subject to both droughts and floods, and in the past few years crop production has been affected by one or both of these natural hazards. In 1957-58, production was down 1.6 percent below the previous year. The rice deficit totaled 460,000 tons, the wheat deficit 720,000 tons.

An extremely unfavorable foreign exchange situation has left the country hard pressed to find ways to import the needed foodstuffs. Most of the food grains sent to Pakistan have been under various aid and Public Law 480 programs. Lack of foreign earnings has also slowed irrigation and land reclamation projects.

On this situation, changes in land tenure are unlikely to have any immediate impact. Current production levels will undoubtedly be continued for some time, since the basic problem

U.S. Loses Share of India's Farm Market

The United States lost a share of its agricultural market in India in the first 9 months of 1958.

About 99 percent of U.S. shipments to India are wheat, rice, dairy products, cotton, and unmanufactured tobacco, and these items also make up 60 to 70 percent of all Indian agricultural imports. In the 1958 period, India bought 16 percent more of these commodities than in 1957, but the U.S. share was down 10 percent.

U.S. wheat sales to India increased 40 percent, but failed to maintain their relative position of the previous year. Canada and Australia entered the Indian wheat market and shared it with the United States. U.S. rice shipments dropped to less than half the amount supplied in 1957, while Burma furnished 95 percent of India's rice needs in the 1958 period.

U.S. exports of dairy products and tobacco fared better, however. India bought less dairy products, but the U.S. share rose substantially. In addition, the United States had the entire Indian tobacco market, which expanded in 1958.

The Indian cotton market showed the effects of the slowdown in cotton textile output by requiring only half the cotton imports needed in 1957. The U.S. share of the market dropped even more and stood at just a quarter of the previous year's imports.

India's gradually worsening foreign exchange position has required drastic reductions in many imports during 1958. Imports of U.S. agricultural commodities under the 1956 P.L. 480 agreement slowed down during 1958, but should recover after shipments are started under new agreements signed in June and September, 1958.

is not who owns the land but how it is being cultivated. Yet in Pakistan these two probably go hand in hand. A government that enacts widespread land-ownership measures is likely to push vigorously for full use of existing lands, for improved technology, and for irrigation projects.

Future Agricultural Trends in Canada

THE DEVELOPMENT OF CANADIAN AGRICULTURE TO 1970. By David L. MacFarlane, Professor of Economics, Macdonald College, McGill University, and John D. Black, Emeritus Professor, Harvard University. Published by Macdonald College, McGill University, Montreal.

Reviewed by Montell Ogdon
Foreign Agricultural Analysis Division
Foreign Agricultural Service

A 50-percent increase in Canada's consumption of agricultural products by 1970, which may require the entire estimated Canadian output of some farm commodities and a large portion of others now being exported by Canada, is foreseen by Professor MacFarlane and Dr. Black in this carefully prepared¹ analysis of Canadian agriculture in the years ahead.

Increases in consumption will be larger for some commodities than for others, the authors point out. As the disposable per capita income grows, people tend to eat more of the higher priced foods and less of the lower priced ones. For example, in Canada, as in the United States, there has been a noticeable trend within the last 40 years away from bread and potatoes and toward increasingly greater per capita consumption of livestock products, poultry, fruits, and more expensive vegetables. During the period 1955-70, as per capita disposable income changes, purchase of farm commodities is expected to show a more rapid rate of increase in Canada than in the United States because of slightly lower incomes in Canada for the base year.

In the quantitative projections of Canadian agricultural exports, the demand for wheat in 1970 is given at 313 million bushels compared with an average of 293 million bushels in the period 1952-53 to 1956-57. This is an increase of 7 percent.

It is also estimated that Canada's exports of wheat to Europe will be 239 million bushels in 1970 compared with 182 million bushels in the 1953-57 period. This increase is based upon the assumption that there will be a zero response in wheat consumption as a result of increased income. It is also assumed that the wheat acreage will be stable in the European countries, that the yield per acre will increase 2.5 bushels, and that Canada will continue to hold 42 percent of the European import trade.

Canadian export of wheat to non-European countries is projected at two-thirds of the average of the period 1953-57. This ratio was used because shipments to these coun-

¹ The authors' method of calculating domestic consumption of commodities is similar to that employed by the U.S. Department of Agriculture. See Rex F. Daly, "Demand for Farm Products at Retail and the Farm Level," U.S. Agricultural Marketing Service, 1957.

AGGREGATE CHANGE IN DOMESTIC CANADIAN
CONSUMPTION OF FARM PRODUCTS,
1955-70

Commodity	Percentage change
Wheat	+30
Beef and veal	+60
Pork	+55
Lamb and mutton	+59
Poultry meat	+60
Eggs	+46
Fluid milk and cream	+44
Butter	+24
Cheese	+55
Fresh vegetables	+51
Processed vegetables	+61
Apples	+35
Citrus fruit	+79
Other fruit (excluding citrus and apples)	+44
Sugar	+39
Cotton	+29
Tobacco	+64

CANADIAN EXPORTS OF MAJOR FARM PRODUCTS,
1955 WITH 1970 PROJECTIONS

Product	Unit	1955 exports	1970 projection	Percent increase
Wheat and flour	Mil. bu.	¹ 293	313	7
Oats	do.	¹ 36	36	0
Barley	do.	¹ 90	135	50

¹ For the years 1952-53 to 1956-57.

CANADIAN PRODUCTION OF IMPORTANT FARM PRODUCTS,
1955 WITH 1970 PROJECTIONS

Product	Unit	1955 production	1970 projection	Percent increase
Wheat	Mil. bu.	¹ 410	502	22
Oats	do.	¹ 338	499	48
Barley	do.	¹ 210	327	56
Beef and veal	Mil. lb.	1,308	2,015	54
Pork	do.	1,021	1,400	37
Poultry meat	do.	443	742	67
Milk	do.	17,298	22,544	30
Eggs	Mil. doz.	383	563	47
Tobacco	Mil. lb.	² 140	230	64

¹ 1953-57 acreage with normal yield.

² Average 1953-57.

Source: MacFarlane and Black, *The Development of Canadian Agriculture to 1970*. Macdonald College of McGill University, 1958, pp. 28-29.

REGIONAL AND NATIONAL OUTPUT OF CANADIAN AGRICULTURE
[in millions of 1955 Canadian dollars]

Region	1955 output	Projected 1970 output	Percentage change 1955 to 1970
Maritimes	145	167	+15
Central Canada	1,316	1,754	+33
Prairies	1,234	1,716	+39
British Columbia	114	165	+45
Canada	2,809	3,802	+35

tries were unusually high in 2 out of the 5 years.

The projection shows no increase in oat exports. Barley exports, however, are expected to increase from 90 million bushels to 125 million bushels. This emphasis on barley as against oats is based on three factors. One is a greater shift to barley production than to oats production from the summer fallow acreage of the Prairie Provinces. Another is the further expansion in the use of barley as human food in the Orient. And the third is the increased livestock numbers in the United Kingdom and Western Europe, which are expected to bring about an increased demand for imported feeds.

Exports of agricultural products other than grains are not projected for 1970 on the grounds that domestic demand is expected to absorb the increased production of meat, dairy products, and poultry products. Also, it is expected that exports of such farm commodities as apples, potatoes, tobacco, flaxseed, and grass seed will be relatively unimportant by 1970.

Projected Output

A 39-percent increase in physical output of farm products is required by 1970 for projected domestic market requirements and the anticipated export market. This is an increase of $2\frac{1}{4}$ percent per year, compounded.

Various factors will affect this increase. In the Maritime Provinces and British Columbia the most important is the rate of population growth. The local population-pressure for increased farm output will be slight in the Maritimes. In British Columbia a population of 2,750,000 is projected for 1970 compared with the base figure of 1,305,000 in 1955. The shortage and high cost of farm labor are expected to make British Columbia the most capital-intensive agricultural area in Canada.

In Central Canada much of the increased production is expected to take place from stepped-up yields, particularly for hay and pasture. It is pointed out that the cost of clearing new land in Ontario and Quebec would be high. Consequently, expansion in these two provinces would probably involve further changes in the direction of

larger and more efficiently operated farm units.

The Prairies could raise their output 39 percent without fully utilizing their estimated potential. The shifts would include reduced summer fallow acreage, and greater emphasis on production of meat, dairy products, and poultry products.

Basis of Projections

The differential between the projected 39-percent increase in physical output of farm products required to satisfy domestic and foreign market demand on the one hand, and the projected 35-percent increase in output to meet total domestic and foreign requirements is explained by the assumption that farm products consumed in the farm household will remain constant over the 15-year period.

In making their projections the authors do not presume that the movement toward the 1970 levels will take place necessarily without sharp rises in output, or without periods of unemployment and recession. They do however, condition their projections upon the absence of any major depression.

The calculation that a 39-percent increase in domestic production would meet domestic and foreign market requirements when an increase in domestic market requirements is projected at 50 percent is explained by the assumption that the export of many Canadian products will cease and that their total domestic output will be consumed at home. Apparently it is assumed too that imports will be substantially increased of products not domestically produced in sufficient quantities to meet domestic demands.

Agricultural Policy

Among several policy suggestions made in the final section of the report those concerning wheat and agricultural extension are particularly interesting. Although they recognize that the stability of the wheat economy in the coming period is highly important, the authors suggest the constant examination of Wheat Board policy to insure that it is consistent with the adjustments involved in greater livestock production.

With regard to agricultural extension,

China To Rush Hainan Island Development

Communist China has announced plans to complete one of its largest hydroelectric projects this year on Hainan Island. In addition, it hopes to develop the island into a major producer of such tropical products as rubber, cocoa, palm oil, copra, sugarcane, sisal, coffee, and other hot-climate crops.

Lying off the southern tip of China, Hainan is China's farthest penetration into the Tropics. In size it is comparable to Taiwan, but it has less than 3 million people, many of them aborigines. Throughout the years there has not been much Chinese migration to the island, nor much Japanese exploitation. The Communists are now sending in new settlers from the mainland, hoping to boost the population to 4 million by 1962.

The Peiping radio often refers to Hainan as a treasure island. Agriculturally, its greatest treasure will be rubber, since this is the only part of China warm enough for the rubber tree. Some rubber is already being shipped; coconuts, sugar, rice, and pineapples are also exported to the mainland.

China's main interest in the island may be its rich iron ore deposits. Before World War II, the Japanese were shipping 100,000 tons a year. Tin and gold are present too.

The new hydroelectric project on the Nantukiang River will help China exploit these minerals. It is claimed that the power stations will generate 66,000 kilowatts of electricity and the reservoir will irrigate 500,000 acres.

sion, the authors suggest that the 1970 demand on Canadian agriculture could be more easily met and farm incomes improved if there were a shift in extension work toward the economics of production adjustment. Extension work should also go further, they say, than providing general guides to agricultural improvement. It should actually make available to many farmers the services they need for devising agricultural development and management programs on a long-term basis.

World Butter Situation

(Continued from page 9)

1957. Italy, on the other hand, took about 7 million pounds more.

The big jump occurred in the United Kingdom. In 1958 British imports were approximately 130 million pounds above those of the previous year. And this, coupled with the sharp reduction in imports into West Germany, reveals a concentration of shipments which must have disturbing implications for the traditional butter suppliers of the world. More and more, the world butter market is becoming identified with the United Kingdom; and butter exports of the four leading suppliers—New Zealand, Denmark, Australia, and the Netherlands—are showing greater and greater concentration there.

There is, however, one optimistic note. The London Intelligence Bulletin has indicated that 1959 butter supplies in the United Kingdom may show some reduction. Home production will probably show a decline, and imports are not expected to change from the 1958 level.

The narrowing-down of markets can probably be attributed to price supports more than anything else. Under the stimulus of supports, domestic production in many countries has risen. For example, in Western Germany it has gone up 15 percent in the last year. And as these alternative markets diminish, the big butter exporters have no choice but to sell to Great Britain.

Unfortunately, there is no clear answer to this market problem. Price support measures that tend to increase output are still woven into national policies affecting incomes, cost of living, and fiscal policies. But if the butter cycle is to be prevented from swinging around to surpluses again, supports will have to be reckoned with.

Still needed too are programs and incentives that will result in permanently increased per capita consumption of all milk and dairy products, including butter. And on the supply side, there is the need in a number of countries for long-run measures designed to curtail milk output so that a closer coordination of supply with demand can be achieved.

Foreign PRODUCTION NEWS

Fiji Islanders hope to diversify their economy by producing **cacao**. The first cacao experimental station has been so successful that plans for a second are under way and nursery facilities are being considered.

Portugal's 1958 **wheat** crop, estimated at 27.4 million bushels, proved larger than expected earlier in the season and only 7 percent below the record 29.4 million bushels produced in 1957. Portugal's farmers will benefit substantially because the support price for wheat is fixed at 50 percent above the world price.

Denmark expects to shatter its record 1958 **meat** output this year. Most of the increase is expected to be in hog production. Hog slaughter is forecast at about 200,000 head above last year's record 7.8 million.

Cattle numbers in **Argentina**, one of the world's major beef producing and exporting countries, have dropped alarmingly in recent years. They were down 15 percent in the last 2 years alone. The latest estimate places Argentina's cattle numbers at about 41 million head.

An association of breweries in **Colombia** is launching a program to expand **barley** output. Plans call for 25,000 additional barley acres, use of better seed, increased fertilization, and technical supervision. Over a million dollars' worth of machinery has been bought to implement the program.

Canada is facing a surplus of **pork**. Hog numbers rose 33 percent last year, to 6.9 million, the highest level in recent years. Slaughter is expected to top 7.25 million head this year, the highest level since World War II. The government has already bought over 32 million pounds of pork to support prices.

Fats and Oils. World output of fats and oils is expected to reach an alltime high this year. The preliminary forecast of 31.4 million short tons will be 4 percent above 1958 production and 3 percent above the previous record in 1957. The non-Communist countries will account for the major part of the increase, with U.S. record production contributing a substantial share.

Barley and Oats. Estimates show that world production of barley and oats in 1958 was over 146 million short tons—up 5 percent from 1957 and only slightly less than the record of over 149 million produced in 1956. North America, which grows a third of the world's supply, had substantial increases and record or near-record carryover stocks.

Cacao. Favorable weather in major producing areas has given impetus to the 1958-59 world cacao crop. Output, estimated at over 1.9 billion pounds, is 10 percent above the 1957-58 crop and only 5 percent below the record of over 2 billion pounds set in 1956-57.

Cotton. The record 1958-59 world cotton crop—forecast at 44 million bales—is 500,000 bales above the previous record crop in 1955-56. Output was up in all areas. The United States, with the smallest harvested acreage since 1876, showed a record yield of 469 pounds per acre—52 pounds per acre more than the previous record in 1955.

Garbanzos. Despite increased output in several areas, world garbanzo production for 1958 dropped to 133 million bags from the 1957 total of 167 million. Production in the Far East, which grew 92 percent of the 1958 crop, was down 22 percent.

World Cocoa Shortage

(Continued from page 7)

since treatment involves cutting out thousands of trees the need for a supervised replanting program is even more critical.

The limited scale on which replanting and rehabilitation have taken place accounts, probably more than any other factor, for reduced cocoa supplies. While data regarding age distribution and replantings are far from adequate, it appears from the information that rehabilitation and replanting have merely compensated for losses from disease and insects and from the declining yields of trees past their production peaks.

Undoubtedly this lag in rehabilitation and replanting has been caused by many things, but former low cocoa prices may have been the main deterrent. Although the price of cocoa in 1958 averaged around 44 cents per pound, during the years from 1930-45 it ranged from a low of 4.4 cents a pound to about 9.0 cents. At these levels, the producer's share probably amounted to only about 2 to 4 cents a pound, offering little incentive to expand production. Also, during this period, World War II occurred and, with the interruption in normal shipping channels and loss of the European market, the producing countries found themselves with surplus supplies. Even with the end of the war and a significant rise in price, cocoa farmers, still remembering the 15 years or so of low prices, waited to see if the future held hopes of higher prices before renewing their efforts to rehabilitate and replant cocoa.

Cocoa Improvement

In Latin America, the higher post-war prices have apparently renewed interest in cocoa production, for this area now accounts for about 40 percent of the world total. Brazil, which produces over half of the Latin American total, has shown conspicuous increases, and there seems to be no reason why this should not continue. Government assistance in rehabilitation schemes, educational work, and help in disease and pest control are largely responsible for this increase. The current coffee situation in Brazil

may also have some effect. With lower coffee prices and mounting stocks, crop diversification is getting more attention, and cocoa is one crop that could help take up the slack from reduced revenue from coffee.

In Africa, the current situation is not so cheerful. Production has risen in the smaller producing countries and in Nigeria, the second largest African cocoa country. However, in Nigeria many of the trees are approaching their period of reduced output. Whether this will be offset by recent replantings is not known; it is known, however, that Nigerian farmers have shown much interest in spray programs which have been initiated and in other programs designed to increase cocoa output. This should help maintain present levels until new plantings can enter production.

In Ghana, the world's largest producer, the high level of production during 1935-39 has not been reached in the postwar years. However, Ghana has shown considerable progress in teaching farmers modern methods of cultivation. Furthermore, the government has undertaken programs to spray important cocoa areas, has initiated programs to compensate farmers for diseased trees that have been removed, and has made improved replanting material available. All of these are steps in the right direction and will pay off eventually, provided they are not permitted to lapse every time prices show a slight dip.

U.S. Assistance

The United States, which is the world's largest cocoa buyer, is assisting, through the International Cooperation Administration, in cocoa improvement programs in a number of countries. Another organization assisting in improving the cocoa situation is the American Cocoa Research Institute, which was formed in 1948. This organization confines its activities to supporting educational and research projects in cacao culture rather than engaging directly in experimental production. It channels its activities mainly through the Cacao Center of the Inter-American Institute of Agricultural Sciences in Turrialba, Costa Rica.

The New Crops Research Branch

U.S.-Canadian Trade

(Continued from page 5)

the freeze last winter pushed up the price of U.S. citrus. Yet, despite the higher prices, the steady climb in Canada's population, plus the increasing popularity of these and other U.S. fruits in Canadian diets, has meant continued high-level import demand for U.S. fruit.

The buoyant U.S. livestock market, plus reduced Canadian supplies, strengthened the Canadian market to the extent that in December 2,691 head of U.S. slaughter cattle were imported into Canada. Relative prices were such that it became economical in December and January for Canadian packing firms to purchase U.S. slaughter animals.

Most other Canadian imports of U.S. farm products held steady or showed slight decreases, the most noticeable being in cotton. U.S. lard shipments were marginally reduced by the rapid expansion in Canadian hog marketings during late 1958. U.S. soybean shipments continued to supply a large portion of Canadian requirements; but it should be noted that there is increasing interest in oilseed production among Canadian farmers.

of the U.S. Department of Agriculture started 4 years ago to assemble and establish clonal and seedling material of cacao at the U.S. Plant Introduction Station in Miami, Florida. Working with both ICA and the Cocoa Institute, the station will distribute superior cacao planting material, and it is expected that not only the cocoa-producing countries but the consuming countries too will benefit.

Confidence in the future of cocoa is also needed if farmers are to continue their battle to overcome disease and harvest bigger crops. Fortunately, the economic outlook appears favorable. Higher standards of living and growing populations in the consuming countries indicate an even stronger demand. This, in turn, should insure an adequate return to growers and provide the needed incentive, so that with stepped-up research and continued progress in overcoming cultural problem, the day should come when cocoa shortages no longer exist.

U.S. Agricultural Exports

(Continued from page 12)

Grains.—A decline in exports of grains and feeds from \$1,483 million to \$1,411 million comprised 11 percent of the overall export drop. Wheat and wheat flour exports went down 17 percent, from \$886 million to \$732 million, reflecting principally the record European harvest in 1957. Also, exports of milled rice fell 24 percent, from \$131 million to \$99 million.

But the slower movement of wheat and rice was largely offset by the 29-percent gain in feed grains, particularly barley and grain sorghums. Exports of feed grains, excluding products, stepped up from \$361 million to \$465 million, chiefly as the result of expanding requirements for livestock feed in Europe. Last year's feed grain exports exceeded 10 million short tons and set a new record.

Vegetable oils and oilseeds.—Exports of expressed vegetable oils and oilseeds decreased from \$425 million to \$390 million. Tighter domestic supplies of cottonseed oil in 1958 were largely responsible for the export decline, but less linseed oil and flaxseed also moved out. Exports of soybean oil were larger; those of soybeans were smaller. This group was responsible for 10 percent of the overall export drop last year.

Tobacco.—Exports of unmanufactured tobacco declined only slightly, from \$359 million to \$354 million. These exports were well maintained primarily because smaller supplies than anticipated were available from the current crop abroad—especially in Rhodesia—but also because foreign consumption of cigarettes made substantial gains, particularly in Western Europe.

Fruits and vegetables.—Exports of vegetables and preparations totaled \$125 million in 1958, the same as in 1957. Exports of fruits and preparations, however, increased from \$235 million to \$256 million. Principal gains were registered in exports of canned fruits (peaches, pineapples, and fruit cocktail), fruit juices, dried fruits, and fresh apples. Exports of fresh oranges fell further in 1958, reflecting smaller exportable supplies.

East Germany Pushes Farm Collectivization

In 1958, East Germany greatly intensified the collectivization of its agriculture. Some 3,100 new collectives were established, bringing the total to 9,523 at the beginning of 1959. During 1958 as many individual farmers joined collectives as in the period between 1953 and 1957.

At present more than two-fifths of the agricultural area in East Germany is socialized. About 37 percent of this is farmed by collectives and the rest by state and other public farms. Some 275 villages are now collectivized.

The majority of the 86,000 peasants, who last year either joined existing collectives or formed new ones, undoubtedly did so only under heavy economic and political pressures. Yet the great social and economic upheaval which such a profound change must cause apparently has not depressed farm output to any significant extent. East German authorities report that 1958 was the most successful agricultural year since the end of World War II. While some specific claims—such as the level of grain yields—are certainly exaggerated, it seems to be true that farm production in 1958 was comparatively high. That was also the year when East Germany abolished food rationing, the last European country to do so.

East Germany's authorities are obviously greatly encouraged by last year's results and intend to push collectivization with increased vigor in 1959. Two lines of procedure are particularly recommended:

Peasants who have not already joined collectives are to be induced to enter so-called lower-type collectives in which only land becomes common property, while other means of production remain private.

Existing collectives of the highest type in which all means of production are held in common are to be amalgamated in order to create large-scale collectives of the Russian type.

East Germany's planners' ambitious goal is to catch up with West Germany's per capita food consumption by 1961. They hope to achieve this by increasing socialization of farming.

Argentine Grain Price Supports at New High

Argentina's official support prices for 1958-59 grain crops have increased three times in the last year and are now at the highest point since the inauguration of price supports in that country more than a decade ago. Omitting the June and November revisions, the following in pesos per quintal, are typical:

	1957-58	1958	1959
		as fixed in: April 1958 January 1959	
Wheat, semihard, No. 2	100	130	200
Oats, white, No. 2	61.5	61.5	115
Barley, malting, No. 2	60	70	140
Rye, No. 2	60	60	120
Corn	100	115	220
Millet and sorghums	57	55	95

These rising price supports reflect increased production costs and the upward trend in the prices of things farmers buy. They are also indicative of the government's desire to increase grain acreage. The supports will have no effect on this year's planting since wheat, rye, oats, and barley were harvested last November-December, and the corn crop will be harvested this month. But if they are high enough to cover production costs and prices of consumer goods, they could lead to an acreage increase.

Wheat and corn exports have long been Argentina's principal earners of foreign exchange. For several years, they were used to augment government revenues through application of an "aforo" system. Under that system, a prescribed part of the foreign currencies obtained from exports had to be turned over to the government at an officially fixed rate of 18 pesos to the dollar. Only foreign currency proceeds obtained over the prescribed amount could be negotiated at the free market rate.

The "aforo" system was abolished early this year in an effort to encourage grain exporters, just as the price support levels were revised to encourage growers. However, exports are subject to a "retention tax" of 20 percent, which is levied on the basis of export valuations fixed by the government. While the exporter is not required to sell at the prices listed for tax purposes, these tax-base prices act as minimum levels below which exporters would be reluctant to sell.



Britain Lifts Ban On Butter Imports

Great Britain has lifted most of its restrictions on butter imports from other European countries. The restrictions were introduced originally to protect New Zealand producers. The current action was prompted by continuous improvement in the price of butter on the London market. New Zealand butter prices c.i.f. London were up 40 percent in December from the low point last spring.

Butter imports from Sweden, Finland, and Belgium are now under open general license. Also meetings are being held to modify restrictions on shipments from Poland.

British Guiana Has Record Export Rice

British Guiana has a record 132 million pounds of milled rice available for export this year. The surplus exceeds by 11 percent the previous record of 119 million pounds in 1955. However, part of this surplus is old-crop carryover because the 1957-58 crop was underestimated.

The bulk of British Guiana's export rice is sold to the West Indies under a Regional Rice Agreement. In 1958, however, the contracting members of the Agreement were authorized to buy rice from other sources because British Guiana's supplies were expected to be short; Thailand supplied most of the deficit.

Australia Ships First Dried Fruits to Japan

Australia, the world's third largest producer of dried vine fruits, has entered the Japanese market for the first time. Exports equaling \$450,000 were shipped to Japan during the 1958 export season. The sales came as a direct result of the 1957 Australia-Japan trade agreement.

Mozambique Liberalizes Dollar Wheat Imports

Mozambique has placed dollar wheat, plants and seeds for planting, and special farinaceous foods on a specific permissive import list. For wheat, this means that if the dollar price is lower than the price for imports of the same quality product from the sterling area, dollar wheat imports can be authorized by Mozambique's Foreign Commerce Board. The other items, however, can only be imported if and when they are approved by the Governor General.

Denmark's Exportable Sugar Exceeds Agreement Quota

Denmark, a member of the new International Sugar Agreement, expects to have more than 130,000 short tons (raw value) of sugar available for export this year. This is about 47,000 tons more than Denmark's basic export quota under the agreement. The quota now in effect is even less than the basic export quota. Total production this season was 9 percent above last year. Denmark was not a member of the previous sugar agreement.

Canada Puts Lacombe Hogs Under Export Restriction

The Canadian Government has placed Lacombe hogs under export control to prevent excessive numbers from leaving Canada and to enable Canadian farmers to procure Lacombe hogs for breeding stock. When the supply increases, export controls will probably be removed. Meanwhile export permits will be issued to any U.S. Government or private research organization or institution desiring breeding stock.

The Lacombe is a new bacon-type hog crossbred of the Danish Landrace, Chester White, and Berkshire. Its promotion, sale, and distribution is being handled by the Canadian Government.

Peru Again Ups Costs For Fruit and Vegetable Imports

In an effort to stabilize its economy, Peru has again raised the cost of importing fruits and vegetables. The most recent action placed a 1-percent ad valorem duty and a carrier surcharge on freight landed at Callao, the major port. Prior action increased specific import duties from 50 to 200 percent on nonessential items. All fruits and vegetables—except potatoes—were affected.

The substantial boosts in import costs in recent months have caused some shippers to abandon merchandise in customs rather than to pay the new rates, which in many cases total up to 84 percent of the f.o.b. value of the merchandise.

Indonesia and Bulgaria Join in Trade Agreement

Indonesia and Bulgaria have signed their first trade agreement. Previously, trade relations were based on an exchange of notes between the Bulgarian Minister and the Indonesian Ambassador.

Under the new agreement, Indonesia will export rubber, tea, copra, coffee, tropical woods, pepper, spices, palm oil and kernels, cacao, and rattan in exchange for industrial and manufactured products and white wheat flour. Bulgaria has also promised technical help to Indonesian construction projects and is prepared to assist the country's economic development.

The agreement is reportedly valid for one year and can be extended if mutually approved. The Bulgarian Minister expressed the hope that trade under the pact would range between \$1.5 million and \$2 million annually.

Costa Rica To Slaughter More Cattle For U.S. Market

Costa Rica, which produces nearly 900,000 head of cattle annually, has authorized imports of an additional 40,000 head from Nicaragua this year to meet the needs of export slaughterers. Costa Rica's aim is to ship larger quantities of beef to the United States. In 1958 U.S. imports of Costa Rican beef totaled 2.8 million pounds.

Finland Extends Subsidies On Dairy and Poultry Products

Finland has extended export subsidies on butter, cheese, and eggs through the end of this year. Exporters are guaranteed the equivalent of 58.3 U.S. cents per pound (f.o.b. Finnish ports) for butter, and from 48.4 to 52.7 cents per pound, depending on types, for cheese. These prices include the government subsidies. Export payments on eggs equal 27.7 cents per 24-ounce dozen and 19.6 cents per pound for frozen liquid eggs.

Finland has budgeted \$20.3 million for export subsidy payments in 1959 for several commodities, but current expectations of expanding exports indicate that this may not be enough. Exportable surpluses of butter are expected to reach 40 million to 48 million pounds, and cheese will probably total 36 million. About 7 million pounds of shell eggs are expected to be available for foreign sale between January and July.

Frozen liquid eggs are a new export product for Finland and only sample shipments are forecast so far.

United Kingdom Imports Beef Air-Shipped From Rhodesia

Recently the Stockbreeders Meat Company of London received a 1,450-pound shipment of beef hindquarters from Salisbury, Southern Rhodesia. The small shipment, brought in to test flight facilities and market acceptance, was carried in a pressurized cabin without refrigeration during the 36-hour flight. It arrived in "excellent" condition and brought a price comparing favorably with chilled beef from Argentina.

France Liberalizes More Dollar Imports

The French Government has published a third list of commodities which can be imported from the United States and Canada without quantitative restrictions. Oilcakes and meals are the agricultural items of most interest to the United States. Other farm products on the list include several inedible animal products (including casings), flower bulbs, and casein.

U.S. Tobacco Use Gains in Thailand

The amount of U.S. tobacco used in cigarettes by the Thai Monopoly has increased from 33 percent in the early 1950's to 45 percent in 1958. Growing popularity of blends containing U.S. leaf will probably boost the percentage even higher this year.

Output of cigarettes in Thailand in 1958—nearly 8.5 billion cigarettes—was down slightly from 1957, but the blend containing 100 percent U.S. tobacco climbed from about 7 million cigarettes monthly in early 1958 to 14 million in December. Indications show that use of U.S. leaf will probably rise from 9.5 million pounds to 9.9 million this year.

U.K. Market Good For Quality Apples

Now that the United Kingdom has eased restrictions on apple imports, U.S. and Canadian sales to that market have risen sharply because of the high quality of their fruit. Britain is a quality market and is willing to pay a reasonable premium for it. U.S. and Canadian shipments were up more than 50,000 boxes each so far this year, while Italian sales dropped about 130,000 boxes.

The high level of U.S. and Canadian trade has been achieved despite their higher prices, slightly smaller total U.K. imports, extremely heavy U.K. supplies and large supplies in competing European countries.

Germany Further Liberalizes Imports From Dollar Area

West Germany has further liberalized imports of certain farm products from the dollar area. At the same time, tariffs on several agricultural commodities have been reduced.

The liberalized commodities include dried currants, raisin-type grapes, sul-tanas, fruit preserves, citrus juices, clover and other seeds, beans and peas, various meat preparations, and poultry offals.

Tariff reductions amounting to about 10 percent affect meat, edible offals, butter, honey, fresh and frozen fruits and vegetables, lard, and fruit preserves and juices.

U.S. Loses Part of Dry Milk Market in Congo

The Belgian Congo, formerly the third largest market for U.S. dry whole milk, bought only 55,000 pounds from the United States in 1958 compared with 717,000 pounds in 1957. Part of the drop was attributed to a general decline in the country's economy—total imports were down 10 percent.

Competition from Denmark and other European countries, however, was also a factor. Denmark's sales to the Belgian Congo rose from 1.7 million pounds in 1957 to 2.1 million last year. The price of Danish dry whole milk gives it a distinct advantage over the U.S. product in the Belgian Congo market. The average retail price of all imported dry whole milk (5-pound cans) in Leopoldville was equal to 58 cents per pound in 1958.

New Zealand Studies Trade Prospects With Red China

New Zealand trade officials recently visited Peking, Shanghai, and Canton to study market potentials for New Zealand products. They report a growing demand in Communist China for wool, wood pulp, certain grades of beef, hides and skins, and possibly some dairy products.

The Chinese also showed an interest in New Zealand tallow, plywood, seeds, and some types of farm machinery.

West Germany Will Import More Livestock and Meats

West Germany's Ministry of Agriculture, in an effort to control meat prices, will encourage increased imports of livestock and meat. The Ministry has already acted on the meat processing industry's complaint that cattle prices are too high, by lifting the embargo on frozen beef. The trade can now buy frozen beef from Argentina, Brazil, and Uruguay, and a tender for beef from New Zealand will be published soon.

West Germany's meat consumption is up to prewar levels, and hog production is expected to be down considerably this year. The general situation should up sales of variety meats, fatback, and lard from the United States.

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GOVERNMENT PRINTING OFFICE

DIVISION OF PUBLIC DOCUMENTS
WASHINGTON 25, D. C.

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Ghana Exports Less Cacao At Much Higher Prices

Ghana managed to shift from a deficit to a surplus payments balance in 1958 despite adverse weather, which substantially reduced production of its leading exchange earner—cacao. Ghana is by far the world's leading cacao producer, accounting for nearly a third of world supplies.

In 1958 exports dropped by more than 30 percent because of the small crop. However, prices averaged approximately 50 percent higher than in 1957, thereby offsetting the lower volume of trade. The United States buys a little less than a fifth of its cacao supplies from Ghana.

Colombia To Promote Barter Transactions

Colombia's President has appointed a new board to work out barter and other economic policies. The board's most important function will be to develop new markets for coffee and facilitate imports of commodities which have been prohibited or which required licenses.

Specific proposals involving coffee already have been presented by Indochina, Czechoslovakia, Japan, Com-

munist China, Hungary, France, Italy, Great Britain, Belgium, and others.

Malaya Liberalizes Dollar Imports

Malaya's new policy of freely granting licenses for direct imports from the dollar area of many types of products will encourage more direct trade between the United States and the Federation.

The most significant item on the new list is milk. All types of milk—canned, condensed, sweetened and unsweetened, powdered, and otherwise prepared—may now be imported directly from the dollar area under freely granted licenses. The new list also includes textiles and manufactures.

Estimates indicate that roughly half of all U.S. commodities entering Malaya in 1957 were transshipped through the free port of Hong Kong.

El Salvador Seeking Markets For Sugar

El Salvador is looking for export markets for its sugar. Output is expected to be up about 13 percent this year and domestic consumption is not expected to expand. Also, Hon-

duras, the traditional market for El Salvador's surplus sugar, will probably buy less this year, since it has added a new sugar mill to the three already operating, with a view to reducing its dependence on imports.

El Salvador recently joined the new International Sugar Agreement. Under this agreement its basic export quota is 5,000 tons.

U.S. Edible Oil Exports May Reach Record Levels

U.S. exports of soybean and cottonseed oils in the current marketing year appear to be headed for record levels—possibly between 1.3 billion and 1.4 billion pounds.

Of the total, at least 1 billion pounds will be sold under Title I of Public Law 480. About 875 million pounds have been programmed this year under Title I and there remains a "carry-in" of about 155 million pounds from previous programs. In addition, there are prospects for programming an additional 200 million pounds before the end of the year.

U.S. exports of soybeans this year may also set a new record—between 85 million and 90 million bushels.